



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://cao.co.la.ca.us>

*Hammond M.C.*  
*Sent 6/24*

DAVID E. JANSSEN  
Chief Administrative Officer

June 17, 2003

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

To: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen   
Chief Administrative Officer

**APPROPRIATION ADJUSTMENT FOR ACQUISITION OF PROPERTY  
ADJACENT TO MID VALLEY COMPREHENSIVE HEALTH CENTER  
(ITEM NO. 22, AGENDA OF JUNE 17, 2003)**

In response to several inquiries, this memorandum provides additional information regarding the property being acquired through eminent domain proceedings, as authorized by your Board on November 26, 2002.

As identified in this office's Board letter of November 26, 2002, the acquisition of the property through eminent domain was requested after negotiations to purchase the property with the new property owner reached a stalemate over the purchase price of the property. The two-acre property includes parking and a 28,073-square-foot, one-story building previously used as a bowling alley.

The Mid Valley Comprehensive Health Center has on-site parking for 144 vehicles. However, with 179 employees and an estimated 450 to 550 visitors and patients per day, the on-site parking is insufficient to accommodate patients and staff. Consequently, Health Services had leased 180 parking spaces on the adjacent property from the previous owner since 1994. After the property was acquired by the current property owner, the new property owner informed the County that the monthly lease would be increased to \$7,500 per month starting December 1, 2002, from \$2,500 per month. In addition, under the lease terms, the owner of the property could have canceled the lease and forced Health Services to vacate the property on 30 days notice.

Each Supervisor  
June 17, 2003  
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A canvas of the surrounding neighborhood failed to locate any other nearby properties that could accommodate the health center's parking needs. Further, the current property owner indicated that he planned to convert the property into a health club, a use that would have been incompatible with the County's continued lease of the supplemental parking.

In order to secure the parking for the health center, we recommended, and your Board approved, the acquisition of the property through eminent domain and instructed the Auditor-Controller to deposit \$2,050,000, the County's appraised value of the property, in an account established by the Superior Court as part of the eminent domain proceedings.

The \$2,350,000 being requested in the appropriation adjustment reflects the negotiated settlement amount with the new property owner, as described in the attached Board letter. This purchase price was deemed acceptable to the County in lieu of incurring additional litigation expenses and the possibility that the property owner could be awarded more than the proposed settlement amount after a jury trial in the eminent domain action.

Although the building is included as part of the acquisition of the property, no plans for the building were identified in November as the purpose of the acquisition was to secure the parking. Health Services has since proposed using a portion of the building to store medical records from Mid Valley as well as several of the closed health centers. DPW will be undertaking a structural analysis of the building to determine the building's condition. Upon completion of the structural analysis of the building, the CAO and Health Services will review the option of using the building for medical record storage. No other plans for the building exist at this time.

If you have any questions, please contact me or your staff may contact John Edmisten at (213) 974-7365.

DEJ:JSE  
DJT:KW:i/h

Attachment

c: Executive Officer, Board of Supervisors  
County Counsel  
Auditor-Controller  
Department of Health Services



County of Los Angeles  
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DAVID E. JANSSEN  
Chief Administrative Officer

June 17, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF AN APPROPRIATION ADJUSTMENT  
FOR THE ACQUISITION OF PROPERTY  
ADJACENT TO THE MID VALLEY COMPREHENSIVE HEALTH CENTER  
(THIRD DISTRICT) (4 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the attached appropriation adjustment, in the amount of \$2,350,000 and funded by the Asset Development Implementation Fund, to establish Capital Project No. 77038, to properly account and record in the County's official accounting records the acquisition of property adjacent to the Mid Valley Comprehensive Health Center through eminent domain proceedings.
2. Authorize the Chief Administrative Officer to enter into a memorandum of understanding with the Department of Health Services to provide for repayment of the funds to the Asset Development Implementation Fund over a 20-year period with interest calculated at a rate equal to the earnings rate of the County Treasury Pool at the time of the original deposit with the Court.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On November 26, 2002, your Board adopted a resolution of necessity to acquire, by eminent domain, four parcels adjacent to the Mid Valley Comprehensive Health Center to augment parking for patients, visitors and employees of the health center and instructed the Auditor-Controller to deposit \$2,050,000 into an account established by the Superior Court as part of the eminent domain proceedings. As identified in that Board action,

Board of Supervisors  
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MICHAEL D. ANTONOVICH  
Fifth District

funding for the acquisition was provided through a loan from the Asset Development Implementation Fund. An appropriation adjustment to establish a capital project was not included at the time of the Board's initial approval on November 26, 2002, and the funds deposited with the Court on December 12 were drawn directly from the Asset Development Implementation Fund.

The attached appropriation adjustment will establish a new capital project within the County's Capital Project Budget to properly account and record the acquisition of the property. The appropriation adjustment, in the amount of \$2,350,000, will allow the Auditor-Controller to process a correcting transaction to properly record the initial deposit of funds and provide for an additional payment of \$300,000 to the property owner based upon a tentative settlement that has been reached and which County Counsel is currently finalizing for approval by your Board.

Upon completion of the acquisition and approval by your Board of the final settlement, the Chief Administrative Office will enter into a memorandum of understanding with the Department of Health Services, which will allow the department to repay the loan over a 20-year period.

#### **FISCAL IMPACT/FINANCING**

As approved by your Board on November 26, 2002, funding for the acquisition is provided by a loan from the Asset Development Implementation Fund. The attached appropriation adjustment, in the amount of \$2,350,000, reflects the currently estimated full settlement amount based upon a tentative agreement that has been reached with the property owner and includes the original deposit of \$2,050,000.

Upon approval of the final settlement by your Board and completion of the acquisition, the Chief Administrative Office will enter into a memorandum of understanding with the Department of Health Services to repay the loan to the Asset Development Implementation Fund. Interest on the loan will be calculated 2.12%, the earnings rate of the County Treasury Pool at the time of the original deposit with the Court.

Under the agreement, the Department of Health Services will repay the loan through annual payments of \$144,267.24 for 20 years. Funding for the loan repayment is included in the Department's Fiscal Year 2003-04 Proposed Budget and will be requested in future fiscal years. There is no additional net County cost associated with this action. The Department will have the option of pre-paying the outstanding principal balance on July 1 of each fiscal year. A detail of the repayment schedule is provided in Attachment A.

Honorable Board of Supervisors  
June 17, 2003  
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**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The appropriation adjustment is required in order to properly reflect the acquisition of the property in the County's accounting records.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

This action will have no impact on any other current services or projects.

**CONCLUSION**

Please return one conformed copy of this action to the Chief Administrative Office (Capital Projects) and to the Auditor-Controller.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a stylized flourish at the end.

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:JSE:DJT  
KW:mdc

Attachments (2)

c: County Counsel

**Mid-Valley Comprehensive Health Center**  
**Financing for Acquisition of Parcel Nos. 1-5, 1-6, 1-7, and 1-8**

**Summary of Annual Payments on \$2,350,000 Loan from the Asset Development Implementation Fund**

**Principal Amount:** \$2,350,000  
**Loan Term:** 20 Years  
**Interest Rate:** 2.12%  
**Prepayment Option:** Yes, on July 1 of each fiscal year

July 1st	Beginning Principal Balance	Principal Payments	Interest Payments	Total Annual Payment	Ending Principal Balance and Prepayment Price
2003	\$ 2,350,000.00	\$ 95,370.36	\$ 48,896.88	\$ 144,267.24	\$ 2,254,629.64
2004	2,254,629.64	97,412.63	46,854.61	144,267.24	2,157,217.01
2005	2,157,217.01	99,497.32	44,769.92	144,267.24	2,057,719.69
2006	2,057,719.69	101,627.28	42,639.96	144,267.24	1,956,092.41
2007	1,956,092.41	103,802.84	40,464.40	144,267.24	1,852,289.57
2008	1,852,289.57	106,024.97	38,242.27	144,267.24	1,746,264.60
2009	1,746,264.60	108,294.67	35,972.57	144,267.24	1,637,969.93
2010	1,637,969.93	110,612.96	33,654.28	144,267.24	1,527,356.97
2011	1,527,356.97	112,980.87	31,286.37	144,267.24	1,414,376.10
2012	1,414,376.10	115,399.48	28,867.76	144,267.24	1,298,976.62
2013	1,298,976.62	117,869.86	26,397.38	144,267.24	1,181,106.76
2014	1,181,106.76	120,393.12	23,874.12	144,267.24	1,060,713.64
2015	1,060,713.64	122,970.40	21,296.84	144,267.24	937,743.24
2016	937,743.24	125,602.86	18,664.38	144,267.24	812,140.38
2017	812,140.38	128,291.66	15,975.58	144,267.24	683,848.72
2018	683,848.72	131,038.05	13,229.19	144,267.24	552,810.67
2019	552,810.67	133,843.19	10,424.05	144,267.24	418,967.48
2020	418,967.48	136,708.40	7,558.84	144,267.24	282,259.08
2021	282,259.08	139,634.94	4,632.30	144,267.24	142,624.14
2022	142,624.14	142,624.14	1,643.10	144,267.24	0.00
<b>Total</b>	<b>\$ 2,350,000.00</b>	<b>\$ 2,350,000.00</b>	<b>\$ 535,344.80</b>	<b>\$ 2,885,344.80</b>	<b>\$ 0.00</b>

COUNTY OF LOS ANGELES  
REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF Chief Administrative Office

DEPT'S. 060  
No.

May 30 2003

## AUDITOR-CONTROLLER.


THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

## ADJUSTMENT REQUESTED AND REASONS THEREFOR

4 VOTES

FINANCIAL SOURCES:Capital Projects/Refurbishments  
Mid Valley Comp. Health Center (3)  
Acquisition  
Rev: Operating Transfer In/CP  
A01 - cp - 77038 - 9919  
\$2,350,000.00 Increase Rev.FINANCIAL USES:Capital Projects/Refurbishments  
Mid Valley Comp. Health Center (3)  
Acquisition  
Land  
A01 - CP - 77038 - 6006  
\$2,350,000.00 Increase Approp.

JUSTIFICATION: Establishes capital project to properly account and record the acquisition of property adjacent to the Mid Valley Comprehensive Health Center through eminent domain proceedings.

  
Jan Takata, Asst. Division Chief

CHIEF ADMINISTRATIVE OFFICER'S REPORT


REFERRED TO THE CHIEF  
ADMINISTRATIVE OFFICER FOR—

ACTION

APPROVED AS REQUESTED

AS REVISED

RECOMMENDATION

JUN 5 2003 19  
  
CHIEF ADMINISTRATIVE OFFICER

AUDITOR-CONTROLLER

BY

APPROVED (AS REVISED):  
BOARD OF SUPERVISORS

19

No. 275

JUNE 4 2003 19  


BY

DEPUTY COUNTY CLERK

SEND 6 COPIES TO THE AUDITOR-CONTROLLER